

## RAILROAD RETIREMENT BOARD

### Proposed Legislative Program for the 1<sup>st</sup> Session of the 109<sup>th</sup> Congress

#### Agency's Legislative Program Proposals

- 109-1     Amend the Railroad Retirement Act to provide that, notwithstanding any other law, employees of covered employers shall be issued social security numbers.

Under Immigration and Naturalization Service rules governing when non-resident aliens may be issued a social security number, non-citizens who reside outside the United States do not qualify for social security numbers. However, employers covered under the Railroad Retirement Act are required to report employee earnings to the Railroad Retirement Board using a social security number.

Consequently, the Railroad Retirement Board is unable to readily retrieve an individual record for approximately 300-400 employees annually, primarily railroad employees who reside in Canada and perform some of their railroad work in the United States.

Under this proposal, all railroad employees must be given social security numbers, which would facilitate the processing of earnings records of railroad employees who are not resident in the United States.

- 109-2     Amend the Social Security Act to provide access for the Railroad Retirement Board to the National Directory of New Hires.

The Social Security Act provides for a National Directory of New Hires. The Directory is used to enhance child support payments and in enforcement of the tax laws of the United States. In addition, the Commissioner of Social Security is granted access to this Directory.

The Railroad Retirement Board pays benefits under both the Railroad Retirement and Railroad Unemployment Insurance Acts which are based in part on a claimant's earnings. The Railroad Retirement Board currently conducts wage matches with all 50 states to detect improper payments. Access to the Directory will permit the Railroad Retirement Board to obtain information regarding wages being paid to claimants earlier than is now possible. It is not possible to accurately project savings from this proposal; however, it would improve program integrity.

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- 109-3     Amend the Railroad Retirement Act to provide for continued payment of railroad retirement annuities by the Department of the Treasury.

The Railroad Retirement and Survivors' Improvement Act of 2001 contains a provision that provides for payment of railroad retirement benefits by a nongovernmental disbursement agent to be selected by the Railroad Retirement Board. The annual cost of paying these benefits through the Department of the Treasury is currently about \$800,000. The estimated first-year cost of paying railroad retirement benefits under contract with a nongovernmental disbursement agent is in excess of \$3 million. For subsequent years, the cost of using a nongovernmental disbursement agent is estimated at approximately \$2.3 million.

The cost of contracting with a nongovernmental disbursement agent would be borne by the funds provided annually to the Railroad Retirement Board for administration and additional funds would be needed to cover the increased disbursement expense. Moreover, use of a nongovernmental disbursement agent would make more difficult the collection of overpaid benefits and would diminish the level of service currently provided to railroad retirement beneficiaries.

Under the proposal, the Railroad Retirement Board would be provided continued authority to issue railroad retirement benefits through the Department of the Treasury.